



SENATE BILL 426: Modify/Clarify Public Finance Statutes

2011-2012 General Assembly

Committee: Senate Finance
Introduced by: Sen. Clodfelter
Analysis of: PCS to Second Edition
S426-CSRBx-35

Date: May 16, 2011
Prepared by: Cindy Avrette
Committee Counsel

SUMMARY: *The PCS for Senate Bill 426 does two things: it makes changes to the bond statutes designed to improve their efficiency and it extends the sunset on the ability of cities and counties to issue special assessments for critical infrastructure needs from July 1, 2013, until July 1, 2016.*

BILL ANALYSIS: Senate Finance heard Senate Bill 426 at its meeting last Tuesday, May 10th, and gave the PCS for it a favorable report. The PCS before the Committee is substantively the same as the one favorably considered last week. The only change is that the PCS puts the sunset of the *Special Assessments for Critical Infrastructure Needs* into the statute as opposed to amending the effective date section of a prior session law.

In 2008, the General Assembly enacted legislation authorizing counties and cities to use assessments as a financing tool for long-term capital projects. The legislation enabled counties and cities to pay for a project for which an assessment is imposed solely with revenue bonds to be paid from the assessments or from a combination of financing sources that include revenue bonds, general obligation bonds, and general revenue. The legislation provided that the authority to use assessments for this purpose would expire on July 1, 2013.

The PCS for Senate Bill 426 originally considered removing the sunset. At the request of the Treasurer's Office, the PCS adopted by the Committee at its meeting last week extended the sunset for three years as opposed to removing it. However, inadvertently, the Committee report contained the PCS removing the sunset. The PCS before the Committee removes the sunset from the 2008 session law and amends Article 9A of Chapter 153A (counties) and Article 10A of Chapter 160A (cities) to place the extended expiration date of July 1, 2016, in the respective Articles authorizing *Special Assessments for Critical Infrastructure Needs*.

EFFECTIVE DATE: The bill would become effective when it becomes law.

S426-SMRB-48(CSRBx-35) v2